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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/043,990	01/09/2002	Michael D. Brown	057799-2003 (157450-0008)	8481
7590 Bernard L. Kleinke Foley & Lardner 23rd Floor 402 West Broadway San Diego, CA 92101-3542			EXAMINER TINKLER, MURIEL S	
			ART UNIT	PAPER NUMBER
			3691	
SHORTENED STATUTORY PERIOD OF RESPONSE		MAIL DATE	DELIVERY MODE	
3 MONTHS		12/29/2006	PAPER	

Please find below and/or attached an Office communication concerning this application or proceeding.

- If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

# Office Action Summary

Application No.

10/043,990

Applicant(s)

BROWN ET AL.

Examiner

Muriel Tinkler

Art Unit

3691

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 20 December 2006.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-16 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-16 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date 11/25/2002.

- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

### DETAILED ACTION

The application has been reviewed. The original claims 1-16 are pending.

Rejections are as stated below.

#### ***Claim Rejections - 35 USC § 102***

1. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

2. Claims 1, 3, 4, 7, 9, 10, and 13-16 rejected under 35 U.S.C. 102(e) as being anticipated by Smith (US 2002/0091610).
3. Claims 1, 3, 4, 7, 9, 10 and 13 discuss a system, method, and product of transferring wealth, comprising: causing a transferee (a trust) to purchase an insurance policy from an insurance seller on the life of an insured individual, said policy comprising a cash value and a term benefit; dividing ownership of said policy between said transferee and an entity owned by a transferor, wherein said transferee owns said term benefit and said entity owns said cash value in said divided ownership; causing said entity to transfer wealth as premiums for said insurance policy to said insurance seller; appraising a present value of said cash value, said appraising being based on a mortality risk of said insured individual and a value of said cash value during each year

Art Unit: 3691

of a projected life of said insured individual; and causing said cash value to be sold to said transferee (causing said transferee to terminate said policy after sale of said cash value, thereby transferring a cash value to said transferee), a sale price being based on said appraising. Smith discloses in paragraph 47 on pages 5 and 6 of the specification, "The amount of the annual loans of premiums plus interest become a first component of the total death benefit value at the time of the insured's death... The insurance company then lends the money to the insured at the same selected, market based, variable interest rate plus some amount, or number of basis points. In return the insurance company books an investment and is assured of making a spread on the financing... As stated the loan to the insured is added as one, or a first, component of the total death benefit value. The other component to the total death benefit value is the value of the policy. At the time of the insured's death the first component is used to repay the loan to the insurance company. The value of the policy is paid to the beneficiary and the proceeds are thus free to be used as desired... Also, the bank may realize additional market benefit through earning the opportunity to administer the irrevocable trust into which the life insurance policy is placed."

### ***Claim Rejections - 35 USC § 103***

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Art Unit: 3691

5. Claims 2, 5, 6, 11 and 12 are rejected under 35 U.S.C. 103(a) as being unpatentable over Smith in view of Sexton (US 5,752,236).

6. Claims 2 and 8 discuss a system and method according to claims 1 and 7, further comprising: causing said transferee to notify said entity of an intention to maintain said divided ownership until death of said insured individual. Claims 1 and 7 were rejected based on the discussions above. Smith disclosed the information in claims 1 and 7, Smith did not disclose that causing said transferee to notify said entity of an intention to maintain said divided ownership until death of said insured individual. Sexton teaches this on page 5 and lines 32-39 of the specification, "Accordingly, it is an object of the present invention to provide a life insurance plan having at least two separate but related life insurance policies, each having its own premium, death benefit, cash value, nonforfeiture provisions, riders and other policy provisions wherein the premium is heavily allocated to one or more policies and the death benefits and cash values are heavily allocated to one or more of the remaining policies." Therefore it would have been obvious to a person having ordinary skill in the art to modify Smith as taught by Sexton to notify the entity, using a written contract, of the intent to keep the life insurance to meet legal requirements.

7. Claims 6 and 12 discuss a system and method according to claims 1 and 7, wherein said entity is a corporation. Claims 1 and 7 were rejected based on the discussions above. Sexton discloses on page 2 and lines 42-54 of the specification,

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"Split-dollar life insurance is an arrangement for providing funding for individually issued, cash value life insurance. It is a funding method, not a type of policy. The written agreement divides or splits the death benefit, the living benefits (cash values) and the premium obligation between two parties--hence the name "split-dollar insurance." The objective of split dollar plans is to join together the insurance needs of one person with the premium paying ability of another. Often, this means cooperation between an employee and his or her employer, but the concept can also be applied to an infinite variety of other relationships: child-parent, stock holder-corporation, buyer-seller, charity-donor, trust-grantor, charity-trust, and so on." Therefore it would have been obvious to a person having ordinary skill in the art to modify Smith as taught by Sexton to make the entity company a limited liability corporation to reduce taxes.

8. Claims 5 and 11 discuss a system and method according to claims 1 and 7, wherein said entity is a limited liability company. Claims 1 and 7 were rejected based on the discussions above. Sexton specifically lists corporations. Sexton does not specifically state a limited liability company. A limited liability company is a type of corporation. Therefore it would be obvious to a person having ordinary skill in the art that when Sexton lists a corporation a limited liability company or any other form of corporation could also be inferred.

***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Muriel Tinkler whose telephone number is (571)272-7976. The examiner can normally be reached on Monday through Friday from 7:30 AM until 4 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached on (571)272-6771. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

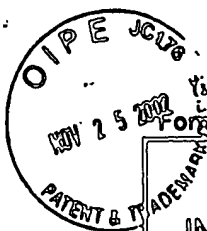
Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

MT  
December 20, 2006



HANI M. KAZIMI  
PRIMARY EXAMINER





Form PTO/SB/08A (Modified)

INFORMATION DISCLOSURE  
STATEMENT BY APPLICANT

(use as many sheets as necessary)

Sheet 1 of 2

Complete if known

Application Number	10/043,990
Filing Date	January 9, 2002
First Named Inventor	Michael D. Brown et al.
Group Art Unit	2161
Examiner Name	Unknown
Attorney Docket Number	157450-0008

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GROUP 3600

## U.S. PATENT DOCUMENTS

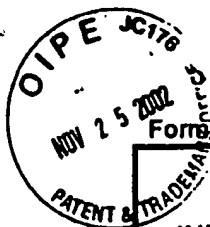
Examiner Initials	Cite No.	U.S. Patent Document		Name of Patentee or Applicant of Cited Document	Date of Publication of Cited Document MM-DD-YYYY	Pages, Columns, Lines, Where Relevant Passages or Relevant Figures Appear
		Number	Kind Code			
MT	1.	6,304,859		Ryan et al.	10-16-2001	
	2.	6,161,096		Bell	12-12-2000	
	3.	6,064,969		Haskins	05-16-2000	
	4.	6,018,714		Risen, Jr. et al.	01-25-2000	
	5.	5,999,917		Facciani et al.	12-07-1999	
	6.	5,966,693		Burgess	10-12-1999	
	7.	5,933,815		Golden	08-03-1999	
	8.	5,907,828		Meyer et al.	05-25-1999	
	9.	5,839,118		Ryan et al.	11-17-1998	
	10.	5,819,230		Christie et al.	10-06-1998	
	11.	5,761,441		Bennett	06-02-1998	
	12.	5,752,236		Sexton et al.	05-12-1998	
	13.	5,631,828		Hagan	05-20-1997	
	14.	5,479,344		Keziah, Jr.	12-26-1995	
	15.	5,429,506		Brophy et al.	07-04-1995	
	16.	5,233,514		Ayyoubi et al.	08-03-1993	
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	19.	5,191,522		Bosco et al.	03-02-1993	
	20.	4,648,037		Valentino	03-03-1987	
	21.	3,634,669		Soumas et al.	01-11-1972	

## OTHER DISCLOSURES - NON PATENT LITERATURE DOCUMENTS

Examiner Initials	Cite No.	Include name of the author (in CAPITAL LETTERS), title of the article (when appropriate), title of the item (book, magazine, journal, serial, symposium, catalog, etc.), date, page(s), volume-issue number(s), publisher, city and/or country where published.
	22.	<del>Douglas B. ANDREWS, "The Ultimate Arbitrage," <i>Stratex</i>, February 2002</del> →
	23.	<del>Deborah L. JACOBS, "Divide and Conquer," <i>Bloomberg Wealth Manager</i>, July/August 2000 (<a href="http://wealth.bloomberg.com/wealth/wealth1/articles/plan1_00089.html">http://wealth.bloomberg.com/wealth/wealth1/articles/plan1_00089.html</a>).</del> →
	24.	<del>Internal Revenue Service, "Split-Dollar Life Insurance Arrangements," <i>I.R.S. Notice</i> 2002-4 2002-4 I.R.B. 398 (January 28, 2002).</del> →

Examiner: /Muriel Tinkler/ Date Considered: 12/20/2006

Examiner: Initial if reference considered, whether or not citation is in conformance with MPEP 609.  
Draw line through citation if not in conformance and not considered. Include copy of this form with next  
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Form PTO/SB/08A (Modified)

**INFORMATION DISCLOSURE  
STATEMENT BY APPLICANT**

(use as many sheets as necessary)

Sheet 2 of 2

Complete if known

Application Number	10/043,990
Filing Date	January 9, 2002
First Named Inventor	Michael D. Brown et al.
Group Art Unit	2161
Examiner Name	Unknown
Attorney Docket Number	157450-0008

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**GROUP 3600****OTHER DISCLOSURES - NON PATENT LITERATURE DOCUMENTS**

Examiner Initials	Cite No.	Include name of the author (in CAPITAL LETTERS), title of the article (when appropriate), title of the item (book, magazine, journal, serial, symposium, catalog, etc.), date, page(s), volume-issue number(s), publisher, city and/or country where published.
	26.	Internal Revenue Service, Private Letter Ruling 96-36-033 (March 12, 1996). →
	20.	Internal Revenue Service, Private Letter Ruling 97-45-019 (August 8, 1997). →

Examiner: /Muriel Tinkler/ Date Considered: 12/20/2006

Examiner: Initial if reference considered, whether or not citation is in conformance with MPEP 609.  
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communication to applicant.

**Notice of References Cited**

Application/Control No.

10/043,990

Applicant(s)/Patent Under

Reexamination

BROWN ET AL.

Examiner

Muriel Tinkler

Art Unit

3691

Page 1 of 1

**U.S. PATENT DOCUMENTS**

*		Document Number Country Code-Number-Kind Code	Date MM-YYYY	Name	Classification
*	A	US-5,752,236 A	05-1998	Sexton et al.	705/4
*	B	US-5,761,645 A	06-1998	Hawkins, William K.	705/4
*	C	US-5,966,693 A	10-1999	Burgess, Duane	705/4
*	D	US-5,999,917 A	12-1999	Facciani et al.	705/36R
*	E	US-6,119,093 A	09-2000	Walker et al.	705/4
*	F	US-2001/0011223 A1	08-2001	BURKE, THOMAS W.	705/4
*	G	US-6,330,541 B1	12-2001	Meyer et al.	705/36R
*	H	US-2002/0029158 A1	03-2002	Wolff et al.	705/4
*	I	US-2002/0052764 A1	05-2002	BANKS, DAVID P.	705/4
*	J	US-2002/0091610 A1	07-2002	Smith, Mark J.	705/36
*	K	US-2002/0161681 A1	10-2002	RICHMAN et al.	705/36
*	L	US-6,578,016 B1	06-2003	Trankina et al.	705/39
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**FOREIGN PATENT DOCUMENTS**

*		Document Number Country Code-Number-Kind Code	Date MM-YYYY	Country	Name	Classification
	N					
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	P					
	Q					
	R					
	S					
	T					

**NON-PATENT DOCUMENTS**

*		Include as applicable: Author, Title Date, Publisher, Edition or Volume, Pertinent Pages)
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	W	
	X	

\*A copy of this reference is not being furnished with this Office action. (See MPEP § 707.05(a).)  
Dates in MM-YYYY format are publication dates. Classifications may be US or foreign.